



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Approve Water Meter Cost, Extended Payment and Payment Deferral Plan

MEETING DATE: October 20, 2010

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Approve water meter cost, extended payment and payment deferral plan.

BACKGROUND INFORMATION: Staff is recommending the property owner water meter cost be capped at \$300 and the following information presents the basis for this recommendation. At its March 17, 2010 meeting, Council approved Alternative 5 for implementation of the Water Meter Program, as described in the copy of that Council Communication provided in Exhibit A. That action by Council approved property owner charges for five classes of meter installation types ranging from \$300 to \$1,200; two optional payment plans, one-time or over seven years (with interest); and a five-year construction time frame.

At its July 21, 2010 meeting, the City Council adopted a 2.00 percent inflationary increase to the usage-based and flat water rates for residential customers effective January 1, 2011, set the Engineering News Record – 20 Cities Average Construction Cost Index (ENR) as the basis for future rate indexing, and eliminated the “Infrastructure” and “PCE/TCE” line items on the water utility bills.

The Water System Financial Strategy (Reed Group, Inc., 2010) for operation of the water utility, construction of the Surface Water Treatment Facilities (SWTF), and operation of the SWTF was approved by the City Council on October 6, 2010 as part of the water revenue bonds issuance. The details of the financial strategy are presented in Exhibit B that also includes the details of the PCETTCE remediation program and the Water Meter Program (WMP). The PCE/TCE information is presented on lines 98 through 115. As previously reported to Council, the level of effort and cost attributed to the remediation program are now considerably less than previously assumed, as reflected on lines 107 and 108 of Exhibit B. As a result, the current PCE/TCE restricted reserves of \$18 million are shown to be sufficient to fund the anticipated remediation program for the next 10 years with a restricted reserves balance of \$6 million at the end of Fiscal Year 2019/20.

The WMP information is provided on lines 43, 47, and 48. The Water Utility, at the end of FY 2019/20, is projected to have a fund balance of \$17.7 million, the sum of lines 29, 64, and 80.

In consideration of the lower costs for the SWTF and the PCE/TCE remediation program, staff has performed additional analyses for the Water Meter Program (WMP) that consider capping property owner meter payments at \$300 per residential parcel. Three new alternatives (6, 7 and 8) are described, below with an analysis based upon the model information presented in Exhibit B. These new alternatives add to the five alternatives presented in Exhibit A, the Council Communication from the March 17, 2010 Council meeting. Results of the analysis are presented near the end of this Council Communication.

APPROVED:

Konradt Bartlam, Interim City Manager

Alternative 6. Five-year construction, three-year extended payment plan, payment installments begin July 1, 2011, and a \$300 cap on meter charges.

Alternative 7. Six-year construction, three-year extended payment plan, payment installments begin July 1, 2011, and a \$300 cap on meter charges.

Alternative 8. Seven-year construction, three-year extended payment plan, payment installments begin July 1, 2011, and a \$300 cap on meter charges.

Recommended Plan –Alternative 8

- A. Seven-year construction schedule beginning 2011 and ending 2017
- B. Cap meter cost at \$300 per parcel
- C. Optional lump sum payment for property owners from April 1, 2011 through June 30, 2011
- D. Three-year monthly installment payments begin on July 1, 2011
- E. Payment assistance program for very low- and low-income property owners

Water Meter Program. Extraordinary efforts have been expended to clarify and quantify the details of the WMP. This included parcel-by-parcel investigations of existing conditions, correlation of county and City parcel, address, ownership, occupancy and structure type for the approximately 13,000 residential parcels within the WMP. Exhibit C presents a summary of the WMP data with emphasis added (bold) on the number of parcels (10,117) benefitting from capping the meter charge at \$300 per parcel.

Prepaid Meters. As reported to the City Council, all prepaid water meters for homes constructed since 1992 have been installed, the water meters are being read, and comparative water bills are being sent. Usage-based water bills for these homes will be sent beginning January 1, 2011. However, there have been approximately 250 property owners that have paid more than \$300 for their water meter that resulted from issuance of a billing permit exceeding the preset construction value threshold. Those payments ranged from \$325 to \$540. Staff recommends refunds for the overpayment be issued upon request from the property owner that paid the meter charge. The total of potential refunds is approximately \$7,000.

Construction Phasing. The phasing plan for the WMP was purposely designed to install the greatest number of meters at the lowest possible cost in the first phases with each successive phase increasing in complexity, pre-design field investigation effort and cost. The data presented in Exhibit C demonstrates this phasing strategy with the majority of Class D (rear yard service remains) and Class E (rear yard service moves to front) occurring in Phases 2 through 5 of the WMP. The phasing plan diagram is presented in Exhibit D. Considering the pipeline miles to be constructed, the construction season lasting from April through November, and the construction-related disruption to the City's neighborhoods, staff is recommending a seven-year construction program from 2011 through 2017. This would reduce the pipeline reconstruction work to about 4.1 miles and meter installation to about 1,500 per construction season. The longer duration program avoids the need for a rate increase to fund the WMP.

Set Costs for Five Installation Classes. In prior presentations to City Council, five installation classes were identified and the property owner meter charge ranged from \$300 to \$1,200. Staff recommends that the City Council approve a fixed-cost of \$300 per parcel covering all classes to be charged to the property owner.

Lump Sum Payments. Canvassing of the 12,924 residential meter installation locations will be completed by April 1, 2011. At that time, notices will be sent to property owners informing them of their installation cost of \$300. There will be a 60-day property owner review period and lump sum payments would be accepted through June 30, 2011.

Payment Installments. Payment installments in the amount of \$8.53 per month will be approximately half of the previous monthly cost for Class C and D (\$13.80) and Class E (\$15.00). The monthly charge would be added to the customers' billing (if the property owner) or sent separately to the property owner of a rental unit and this would begin July 1, 2011 and continue for three years. The interest rate charged will be the Local Agency Investment Fund rate plus one percent which will total approximately 1.5 percent. Initiating the payment installments at a uniform time and early in the Water Meter Program has a positive impact on the cash flow for the Water Utility. Early payoff of the installments will be allowed. Conversion of a lump sum payment to a payment installment program will not be allowed. Upon transfer or sale of the property, early payoff of the installments will be required upon filing notice of service termination.

Payment Assistance Program for Very Low- and Low-Income Property Owners. Staff continues to recommend the designation of Community Development Block Grant (CDBG) funds to provide grants to qualified very low- and low-income property owners. Lowering the meter charge to \$300 will expand the potential coverage of the CDBG funds. Applications for assistance will be solicited in every year of the WMP.

Analyses Results. Results of the three additional alternatives are presented in the three graphs included in Exhibit E and are described below. The important element of each graph is the fund balance line that in each alternative reaches a low point around FY 2014/15.

Alternative 6. Five-year construction, three-year extended payment plan, payment installments begin July 1, 2011, and \$300 cap on meter charges – fund deficit occurs over a four-year period (FY 2013/14 through FY 2017/18) with the peak reaching negative \$5.0 million. Water Utility fund balance at the end of FY 2019/20 is positive \$7.7 million. Phases 4 and 5 of this alternative will create significant disruption within the areas and management of the construction projects in those two years will be problematic.

Alternative 7. Six-year construction, three-year extended payment plan, payment installments begin July 1, 2011, and \$300 cap on meter charges – fund deficit occurs over a two-year period (FY 2014/15 through FY 2016/17) with the peak reaching negative \$1.9 million. Water Utility fund balance at the end of FY 2019/20 is positive \$7.6 million. The construction effort of Phases 4, 5, and 6 will be similar to that of Phases 2 and 3. Considerable disruption to the local community is expected during the last three phases due to the higher residential density in these areas. Management of these construction projects is not expected to be problematic.

Alternative 8. Seven-year construction, three-year extended payment plan, payment installments begin July 1, 2011, and \$300 cap on meter charges – fund balance reaches a minimum of positive \$500,000 in FY 2017/18 and the Water Utility fund balance at the end of FY 2019/20 is positive \$7.6 million. This option is similar but less disruptive and more easily managed than Alternative 7.

Alternative 8 is recommended due to the reduction in pipeline replacement each year to 4.1 miles, the compatibility with construction season lasting from April through November, and the decreased disruption to the City's neighborhoods. This alternative would also benefit cash flow for the Water Utility capital funds.

Payment Responsibility. As the City implements the WMP, a number of issues have been presented requiring the application and interpretation of design standards and department policies. Several are presented below for the City Council's information, comment and direction, as appropriate.

1. Multiple Services to Single-Family Detached Home – City policy designates that not more than one water service be provided to a parcel with a single-family detached home. In past infrastructure replacement projects and in the WMP, water services in excess of one will be removed and


abandoned. This commonly requires some onsite plumbing work to be performed that is the obligation of the City.

2. Single Service to Multiple Single-Family Detached Homes – City policy designates that a unique water service is required for every parcel. This condition has been encountered at locations where a lot split has occurred but additional water services were not required by the City. The property owner will be assessed a meter charge for each parcel and new water services to be installed. This commonly requires some onsite plumbing work to be performed that is the obligation of the City. Construction of the new water service on private property and/or across private property is permitted under the assumption the City has prescriptive access rights.
3. Service Extensions on Private Property – Almost half of the water service installations involve construction of a new service in the property owners' front yards. Construction of the new water service on private property is permitted under the assumption the City has prescriptive access rights.
4. Multiple Services to a Single Parcel (Duplex, Triplex, and Four-plex Only) – An exception to the policy of one water service per parcel will be made if the property owner pays the full additional cost of installing the service(s), including trenching, tapping the main, paying for all materials, and installing the service (including backflow prevention device) from the main to the dwelling unit. Public Works Administrative Policy 33 (Fee and Service Charge Schedule) sets this charge at \$5,254 for the tap service installation to the property line with the onsite plumbing the obligation of the property owner. This exception is made due to numerous comments from property owners not wanting to take on the water and wastewater utility cost that currently lies with their tenants. Alternatives available to these property owners include privately sub-metering the units or accepting the water and wastewater utility cost. These additional water meters will have encoder receiver transmitter (ERT) units that will be read along with the electric meters. Dwelling units in these categories (duplex, triplex, and four-plex) must demonstrate that the water piping to all units is completely isolated and backflow prevention devices will be required on each of the multiple services.
5. Responsible Party for Monthly Usage-Based Water Bill – In all cases where a single water service to a parcel exists, the property owner will be responsible for the usage-based water bill. There are two exceptions. One, the tenant of a single-family detached home may apply to be responsible for the water bill. And two, the tenant of a duplex, triplex, or four-plex may apply to be responsible for the water bill only if there is an individual water service to his or her unit. The City Attorney has determined the City may issue a usage-based water bill to the property owners of rented units in these categories without formal application by the property owner.

City Council is requested to approve a plan setting water meter costs, the extended payment option and payment deferral as recommended by staff or modified by the City Council.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.



F. Wally Sandelin
Public Works Director

FWS/pmf
Attachments



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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Water Meter Cost, Extended Payment and Payment Deferral Plan

MEETING DATE: March 17, 2010

PREPARED BY: PublicWorks Director

RECOMMENDED ACTION: Approve water meter cost, extended payment and payment deferral plan.

BACKGROUND INFORMATION: At the March 2, 2010 Shirtsleeve meeting, the City Council was presented a number of alternative construction schedule, payment, and payment deferral options. The City Council requested additional information be provided relative to extending the construction timeframe by two years and extending the payment deferral timeframe by one or two years. Additionally, the City Council expressed interest in a \$1,200 cap for property owners for installing new meter services and that information also be provided relative to using Community Development Block Grant (CDBG) funds for grants to very low- and low-income property owners.

Staff has performed these additional analyses, and the results are reported below. Based upon staffs review of the results, the following Water Meter Program construction schedule and property owner payment plan is recommended for approval by the City Council. The final City Council action setting usage-based water rates, water meter costs, extended payment option, and payment deferral plan will occur at the close of the Public Hearing scheduled for July 21, 2010.

Recommended Plan

- A. Five-year construction schedule beginning 2011 and ending 2015.
- B. Set cost now for five classes of meter service installations. Costs would be set as follows:
 - 1. Meter and electronic radio transmitter [ERT] (\$300)
 - 2. Meter and ERT installed in an existing nonstandard box (\$450)
 - 3. Replace Rich Box assembly in rear yard (\$1,200)
 - 4. Replace Rich Box assembly in front yard (\$1,100)
 - 5. Install new service and meter assembly from new water main to residence (\$1,200)
- C. Optional lump sum payment by property owners or seven-year payment installment plan (fixed interest rate at City's Investment Portfolio rate – around 1.5 percent).
- D. Lump sum payment period from April 1, 2011 through June 30, 2011.
- E. Payment installments begin for all property owners on July 1, 2011.
- F. Payment assistance program for very low- and low-income property owners.

Five-Year Construction Schedule. The Water Meter Program combines the replacement of 22.5 miles of substandard water transmission mains with the installation of approximately 13,306 water meters. The estimated total cost of construction is \$37,000,000 including design, construction administration, inspection and construction. Funding for construction is coming from infrastructure replacement revenue and water meter charges. Construction will be divided into five approximately equal phases sequenced

APPROVED:


Blair King, City Manager

across the community in a northwest to southwest direction. Construction activities will occur from April through October in each year 2011 through 2015.

Previously, a three-year construction timeframe has been at the forefront of discussions with the Council. As presented below, the results of analyses demonstrate that the shortened construction schedule has a negative impact on the cash flow of the Water Capital fund that is partly mitigated by extending the construction timeframe to five years.

Optional Lump Sum or Payment Installments. Exhibit A provides a summary of cost by installation cost, recommended property owner charge by class, and payment installments by class for varying time periods. The six- and seven-year alternatives have been added at City Council's request. The total of all payment installments for the seven-year option is also provided. At the Shirtsleeve meeting, five classes of installation types were reviewed and a diagram of each is provided in Exhibit B. The installation costs vary from \$300 to \$2,000 with an estimated 3,623 properties in the Class 5 category at a cost of \$2,000 each. Results of the water model analysis capping the Class 5 cost at \$1,200 are provided below.

Set Costs Now for Five Installation Classes. Staff recommends that the City Council approve a fixed-cost schedule at the levels presented in Exhibit A for the Water Meter Program. This is a departure from staff's prior recommendation that property owner meter costs be based upon actual construction bids. The recommendation, if approved, will establish equity across all installation classes and simplify the billing and collections process. It is consistent with the methodology incorporated by other communities.

Lump Sum Payments. Canvassing of the 13,306 meter installation locations will be completed by April 1, 2011. By that time, notices will be sent to property owners informing them of their installation class and cost. There will be a 60-day property owner review period and lump sum payments would be accepted through June 30, 2011.

Payment Installments. Payment installments as presented in Exhibit A will be added to the customers' billing (if the property owner) or sent separately to the property owner beginning July 1, 2011 and continue for seven years. Initiating the payment installments at a uniform time and early in the Water Meter Program has a positive impact on the cash flow in the Water Capital fund. Provisions for early retirement of the payment installments will be available. Conversion of a lump sum payment to a payment installment program will not be available. Upon transfer or sale of the property, the payment installment plan will terminate and the balance due will be required to be paid upon notice of service termination.

Payment Assistance Program for Very Low- and Low-Income Property Owners. Staff recommends dedicating CDBG funds to provide grants to at least very low- and possibly low-income property owners receiving a new meter service. The grant program would be initiated this year and grant applications will need to be returned by December 31, 2010 so that property owner eligibility and coverage of the grant program could be determined by the City Council. For example, if eligible grant applications from very low and low income property owners amounted to \$1,500,000 and the work was evenly distributed across the community, the City Council would be asked to commit an average of \$300,000 per year for the next five years. On the other hand, if eligible grant applications amounted to \$3,000,000 and no additional CDBG were available, the City Council might consider funding only the very low-income category and part or none of the low-income category. This decision would be presented to the Council early in 2011 prior to the start of payment installments on July 1, 2011.

Analyses Results. Five different cash flow analyses have been prepared as described in Exhibit C. The fifth alternative resulted from comments at the Shirtsleeve Session and is similar to Alternative 2 but with a five-year construction timeframe. Embedded assumptions in these alternative analyses include:

1. 1-percent rate indexing in the first year and 4-percent rate indexing each of the following nine years.

2. 30 percent of property owners in the Classes 1 and 2 pay lump sum.
3. 10 percent of property owners in Classes 3 through 5 pay lump sum.
4. Payment installments begin in the year of construction for Alternatives 1 through 4 and on July 1, 2011 for Alternative 5.
5. Infrastructure replacement revenue is dedicated to the pipeline replacement (22.5 miles) portion of the water meter program.
6. PCE/TCE cleanup revenues are reserved.

Results of the five analyses are presented in bar chart form in Exhibit D. The results are described below.

Alternative 1. Three-year construction, five-year extended payment plan, payment installments begin in year of construction, and no cap on meter charges – fund deficit occurs over a three-year period with the peak reaching minus \$8.2 million but recovering two years later.

Alternative 2. Three-year construction, five-year extended payment plan, payment installments begin in year of construction, and \$1,200 cap on meter charges – fund deficit occurs over a four-year period (because the water fund is covering the difference between \$2,000 and \$1,200) with the peak reaching minus \$9.3 million and recovering three years later.

Alternative 3. Five-year construction, five-year extended payment plan, payment installments begin in the year of construction, and no cap on meter charges – fund deficit occurs over a three-year period with the peak reaching minus \$4.5 million and recovery occurs a little more than a year later.

Alternative 4. Five-year construction, five-year extended payment plan, payment installments begin in the year of construction, and \$450 cap on meter charges – fund deficit occurs for five years reaching a peak minus \$9.8 million and recovery occurs four years later.

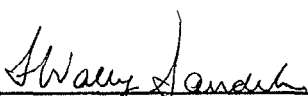
Alternative 5. Five-year construction, seven-year extended payment plan, payment installments begin July 1, 2011, and \$1,200 cap on meter charges – fund deficit occurs for just over three years reaching a peak of minus \$6.5 million with recovery in just over two years.

Alternative 5 is recommended over Alternative 2 if the meter cost is capped because the deficit is smaller with a quicker recovery. Alternative 3 is superior to Alternative 1 if the full meter cost is charged to the property owners and minimizing the size and duration of the deficit is important. Alternative 4 is not recommended unless the construction timeframe was extended to seven years or longer. For all alternatives, fund balance in other sub-funds is sufficient to cover the short-term deficit and the addition of CDBG funds to the program has not been accounted for in the analyses. At this time, staff is not recommending any further exploration of alternative scenarios.

City Council is requested to approve a plan setting water meter costs, the extended payment option and payment deferral as recommended by staff or modified by the City Council.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.



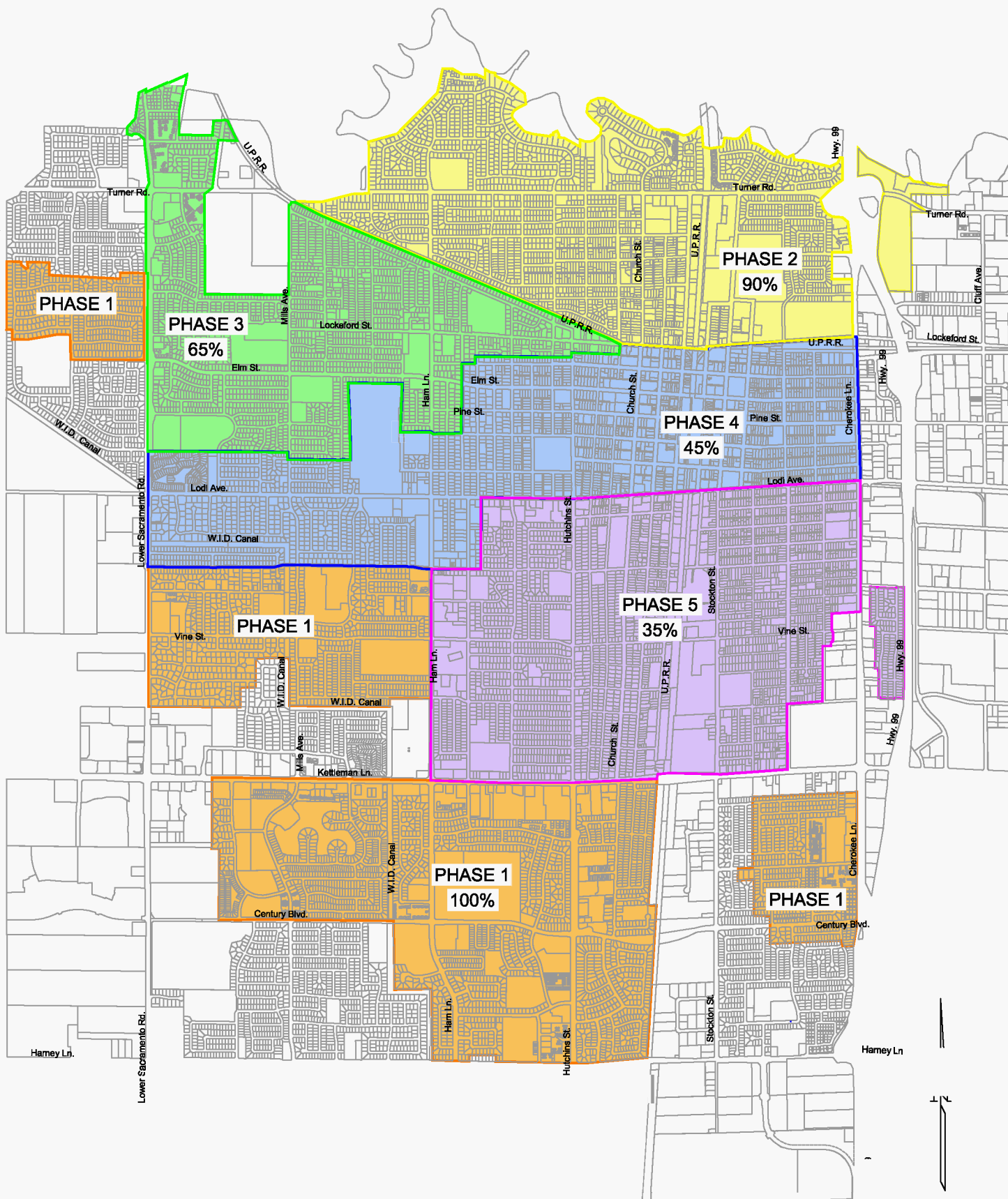
F. Wally Sandelin
Public Works Director

	A	C	D	E	F	G	H	I	J	K	L	M
2												
3												
4	Financial Plan Summary											
5		FY 09-10	FY 10-11									
6		Est. Actual	Budget	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
7												
8	Overall Water Rate Increases -->	2.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
9		Jan. 2011	Jan. 2012	Jan. 2013	Jan. 2014	Jan. 2015	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019	Jan. 2020	
10	WATER OPERATING FUND (180)											
11	Beginning Balance	2,071,982	3,300,906	3,911,699	4,360,311	3,014,561	1,972,886	89,098	483,010	2,835,285	3,596,197	4,211,234
12	Revenues											
13	Water Sales	8,739,854	11,796,000	12,158,000	12,609,000	13,068,000	13,552,000	14,054,000	14,575,000	15,154,000	15,715,000	16,296,000
14	Interest Earnings	25,266	14,540	41,000	55,000	49,000	25,000	8,000	57,000	111,000	134,000	162,000
15	Other Revenues	39,565	325,000	348,000	265,000	273,000	281,000	289,000	297,000	305,000	314,000	323,000
16	Transfer from Fund 182 for DS				215,000	444,000	459,000	475,000	492,000	509,000	527,000	545,000
17	Total Revenues	8,804,685	12,135,540	12,547,000	13,144,000	13,834,000	14,317,000	14,826,000	15,421,000	16,079,000	16,690,000	17,326,000
18	Expenditures											
19	Transfer Out to Gen'l Fund (COS)	1,060,122	1,060,120	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000
20	Transfer Out to Wtr Cap Outlay	2,319,445	3,000,000	3,500,000	4,000,000	4,500,000	5,600,000	3,600,000	2,000,000	4,000,000	4,500,000	4,500,000
21	Transfer Out to PCE-TCE Fund											
22	Personnel Services	1,325,536	1,403,580	1,452,000	1,488,000	1,539,000	1,592,000	1,645,000	1,702,000	1,760,000	1,820,000	1,883,000
23	Utilities, Commun., & Transport.	733,653	721,150	753,000	787,000	823,000	860,000	898,000	938,000	981,000	1,025,000	1,071,000
24	Supplies, Mat'ls., Services & Other	2,550,028	2,600,910	2,680,000	2,680,000	2,761,000	2,843,000	2,929,000	3,016,000	3,106,000	3,200,000	3,297,000
25	SWTF Oper. & Maint. (net)				1,822,000	1,538,000	1,590,000	1,644,000	1,700,000	1,758,000	1,818,000	1,880,000
26	Debt Service											
27	1991 CSDW Loan Payments	228,012	1,433,395									
28	Est. Net 2010 Rev. Bond Payments		1,305,592	2,653,388	2,652,750	2,654,675	2,655,788	2,656,088	2,652,725	2,653,088	2,651,963	2,654,350
29	Total Expenditures	8,216,796	11,524,747	12,098,388	14,489,750	14,875,675	16,200,788	14,432,088	13,068,725	15,318,088	16,074,963	16,345,350
30	Ending Balance	2,660,000	3,911,699	4,360,311	3,014,561	1,972,886	89,098	483,010	2,835,285	3,596,197	4,211,234	5,191,884
31	Operating Reserve (25%)	1,417,000	1,446,000	1,486,000	1,959,000	1,930,000	1,986,000	2,044,000	2,104,000	2,166,000	2,231,000	2,298,000
32	Available Balance	1,243,000	2,465,699	2,874,311	1,055,561	42,886	(1,896,902)	(1,560,990)	731,285	1,430,197	1,980,234	2,893,884
33	DS Coverage	14.10	2.97	3.27	2.72	2.94	3.01	3.10	3.26	3.45	3.04	3.21
34	WATER CAPITAL OUTLAY (181)											
35	Beginning Balance	11,839,529	11,287,790	10,892,200	9,188,200	7,020,200	4,043,200	6,200	46,200	3,193,200	6,137,200	10,408,200
36	Revenues											
37	Operating Transfers In	2,319,445	3,000,000	3,500,000	4,000,000	4,500,000	5,600,000	3,600,000	2,000,000	4,000,000	4,500,000	4,500,000
38	Interest Earnings	78,375	57,410	100,000	121,000	110,000	50,000	1,000	56,000	160,000	285,000	391,000
39	Retrofit Meter Install. Charge		1,453,000	1,570,000	1,570,000	1,570,000	1,570,000	1,570,000	1,570,000	1,570,000		
40	Debt Proceeds											
41	Total Revenues	2,397,820	4,510,410	5,170,000	5,691,000	6,180,000	7,220,000	5,171,000	3,626,000	5,730,000	4,785,000	4,891,000
42	Expenditures											
43	Water Meter/Main Install. Project	2,932,000	4,073,000	6,694,000	7,662,000	8,947,000	11,039,000	4,846,000				
44	Water Taps		75,000	78,000	80,000	83,000	86,000	89,000	92,000	95,000	99,000	102,000
45	Miscellaneous Water Mains		50,000	52,000	54,000	55,000	57,000	59,000	61,000	64,000	66,000	68,000
46	Commercial Meter Replacements		10,000	10,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000
47	Valve Exercising Program		20,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000
48	UWMP Update		50,000					59,000				
49	Meter Fixed Network		500,000									
50	MSC Paving		75,000									
51	Vehicles/Equipment		53,000	19,000	37,000	44,000	46,000	48,000	49,000	51,000	53,000	55,000
52	Unspecified Capital Projects								246,000	2,545,000	263,000	2,726,000
53	Total Expenditures	2,932,000	4,906,000	6,874,000	7,859,000	9,157,000	11,257,000	5,131,000	479,000	2,786,000	514,000	2,985,000
54	Ending Balance	11,305,000	10,892,200	9,188,200	7,020,200	4,043,200	6,200	46,200	3,193,200	6,137,200	10,408,200	12,314,200

	A	C	D	E	F	G	H	I	J	K	L	M
2	City of Lodi -- Water Utility											
3	Financial Plan Summary											
4		FY 09-10	FY 10-11									
5		Est. Actual	Budget	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
62	IMF WATER FACILITIES (182)											
63	Beginning Balance	(442,341)	(495,606)	(474,126)	(65,126)	147,874	150,874	154,874	159,874	165,874	171,874	177,874
64	Revenues											
65	Water Impact Mitigation Fees	1,669	271,480	414,000	429,000	444,000	459,000	475,000	492,000	509,000	527,000	545,000
66	Interest Earnings	-	-	(5,000)	(1,000)	3,000	4,000	5,000	6,000	6,000	6,000	6,000
67	Total Revenues	1,669	271,480	409,000	428,000	447,000	463,000	480,000	498,000	515,000	533,000	551,000
68	Expenditures											
70	Well #27 - Pump, Motor & Site Impr.	-	250,000	-	-	-	-	-	-	-	-	-
71	MSC Rehab/Expansion	25,000	-	-	-	-	-	-	-	-	-	-
72	Transfer to Fund 180 for Debt Service	-	-	-	215,000	444,000	459,000	475,000	492,000	509,000	527,000	545,000
73	Total Expenditures	25,000	250,000	-	215,000	444,000	459,000	475,000	492,000	509,000	527,000	545,000
76	Ending Balance	(466,000)	(474,126)	(65,126)	147,874	150,874	154,874	159,874	165,874	171,874	177,874	183,874
77	Owec Fund 180 for DS	-	870,000	2,639,000	4,193,000	5,519,000	6,831,000	8,127,000	9,403,000	10,663,000	11,904,000	13,129,000
93	WATER PCE-TCE SETTLEMENT (184)											
94	Beginning Balance	(241,630)	18,025,488	16,308,488	15,538,488	14,755,488	12,432,488	10,031,488	9,332,488	8,626,488	7,865,488	7,044,488
95	Revenues											
96	PCE-TCE Settlements	-	1,200,000	-	-	-	-	-	-	-	-	-
97	Transfer In from Fund 180	-	-	-	-	-	-	-	-	-	-	-
98	Transfer In from Fund 183	15,742										
99	Transfer In from Fund 185	3,757,575										
100	Interest Earnings	-	83,000	158,000	226,000	269,000	277,000	286,000	309,000	284,000	256,000	227,000
101	Total Revenues	3,773,317	1,283,000	158,000	226,000	269,000	277,000	286,000	309,000	284,000	256,000	227,000
102	Expenditures											
103	PCE-TCE Remediation - Capital	-	2,300,000	104,000	107,000	1,663,000	1,721,000	-	-	-	-	-
104	PCE-TCE Remediation - O&M	250,000	700,000	824,000	902,000	929,000	957,000	985,000	1,015,000	1,045,000	1,077,000	1,109,000
105	Water PCE-TCE Legal	100,000										
106	Transfer to Fund 183	-										
107	Past Expenditures											
108	Total Expenditures	350,000	3,000,000	928,000	1,009,000	2,592,000	2,678,000	985,000	1,015,000	1,045,000	1,077,000	1,109,000
111	Ending Balance	3,182,000	16,308,488	15,538,488	14,755,488	12,432,488	10,031,488	9,332,488	8,626,488	7,865,488	7,044,488	6,162,488

Lodi Water Meter Program

Item	Units	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	TOTAL
Water Main							
Install Water Pipeline	Feet Miles	4,228 0.80	27,541 5.22	27,533 5.21	33,024 6.07	41,690 7.90	134,016
Meter Installations		3,694	2,243	2,119	2,461	2,407	12,924
Class A (\$300)	Each	1,669	469	409	140	120	2,807
Class B (\$450)	Each	634	170	113	70	70	1,057
Class C (\$1100)	Each	1,181	570	679	369	274	3,073
Class D (\$1200)	Each	109	226	304	1,157	595	2,391
Class E (\$1200)	Each	101	808	614	725	1,348	3,596
ESTIMATED CAPITAL COST		\$ 5,201,000	\$ 7,313,000	\$ 7,046,000	\$ 8,752,000	\$ 10,199,000	\$ 38,511,000



LEGEND

FUTURE WATER LINE

CITY LIMIT BOUNDARY

EXHIBIT E: ALTERNATIVE 6

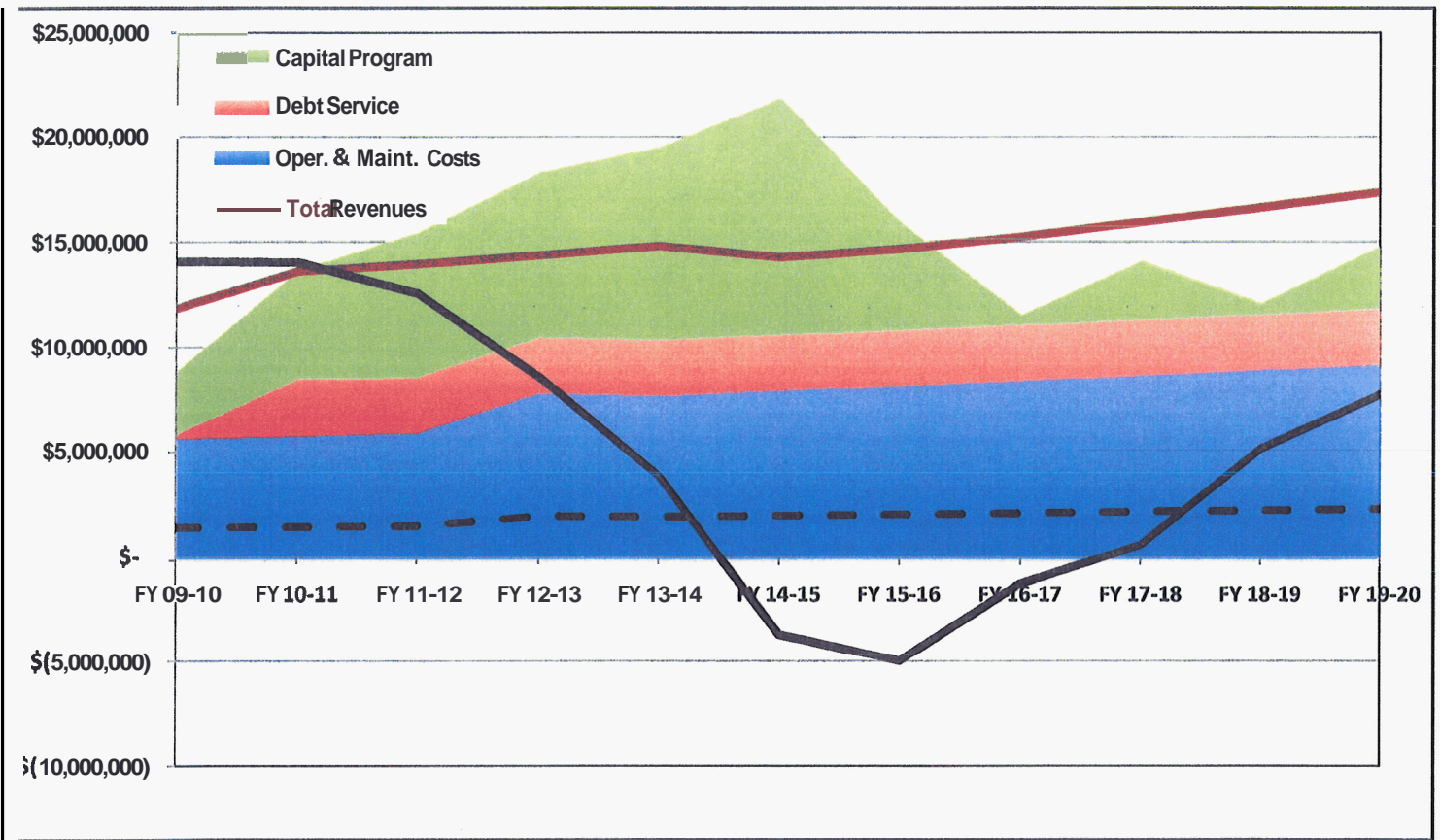


EXHIBIT E: ALTERNATIVE 7

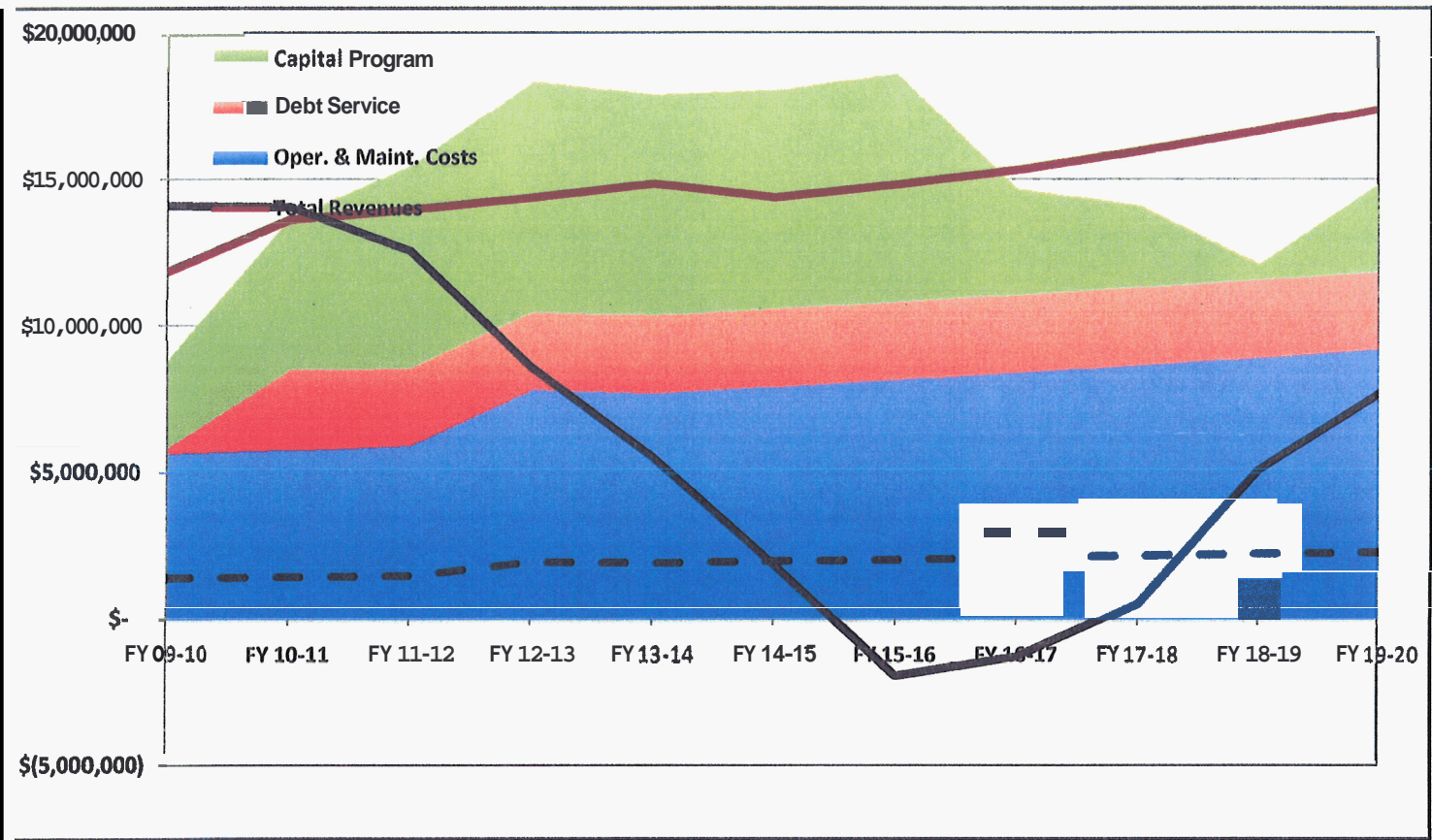
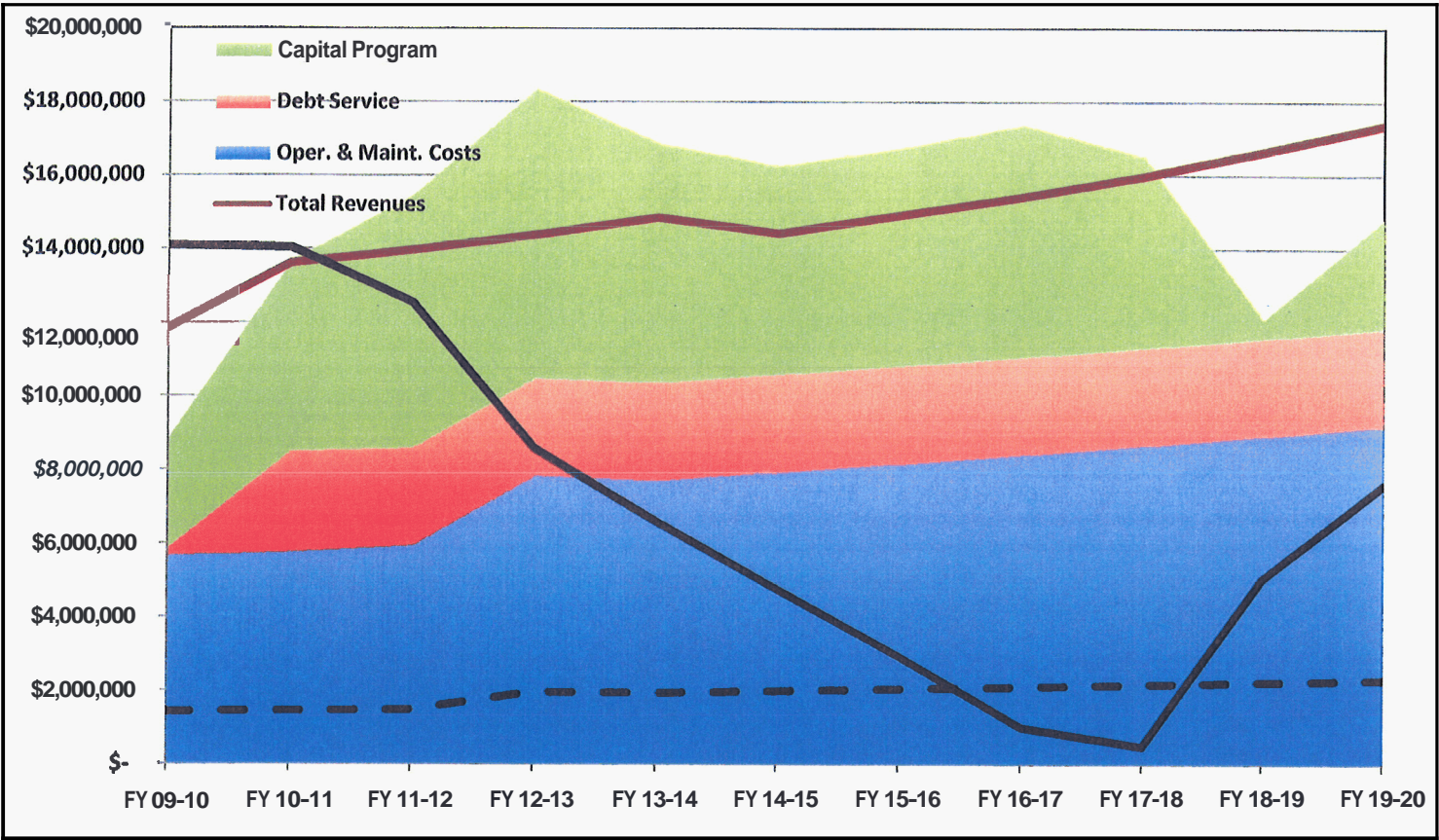


EXHIBIT E: ALTERNATIVE 8



The City of Lodi
**Public Works
Engineering**



Water Meter Program

Item J-02

October 20, 2010



Recommendation

- \$300 cap on residential customers
 - Reduction from \$1,200 cap
- Pay in full April 1 – June 30, 2011
- 3-year installments (\$8.53/month) beginning July 2011
 - Reduction from seven-year, \$15/month max
- Payment assistance for qualified property owners
- 7-year construction phasing
 - Extended from 5 years
- Full City cost recovery on additional services (estimated \$1,000 to \$6,000)



Historical Information

- Post 1992 – Home price included cost of service and meter (2,884 services)
- Meters with building permit – 900 services (250 paid more than \$300)
- City-installed boxes (1979 to date) and Infrastructure Replacement Projects 1 through 3 (approximately 3,000 services)
- All others – 9,060 services



Approved Cost By Class

Category	Class	Cost	# of Parcels
Post 1992	A	Included Home Price	2,884
Building Permit Related	A	Average \$267.00	900
City Forces 1979 - 2010	A & B	\$300 - \$450	3,000
Other	C & D	\$1,100 - \$1,200	5,464
Other	E	\$1,200 (\$2,000)	3,596
Total			15,844



Proposed Cost By Class

Category	Class	Cost	# of Parcels
Post 1992	A	Included Home Price	2,884
Building Permit Related	A	Average \$267.00	900
City Forces 1979 - 2010	A & B	\$300	3,000
Other	C & D	\$300	5,464
Other	E	\$300	3,596
Total			15,844



Payment Installments

- Three Year Plan - \$8.53 per month

- Five Year Plan – 0 \$3.76

- \$5.65

- 13.80

- 5.00



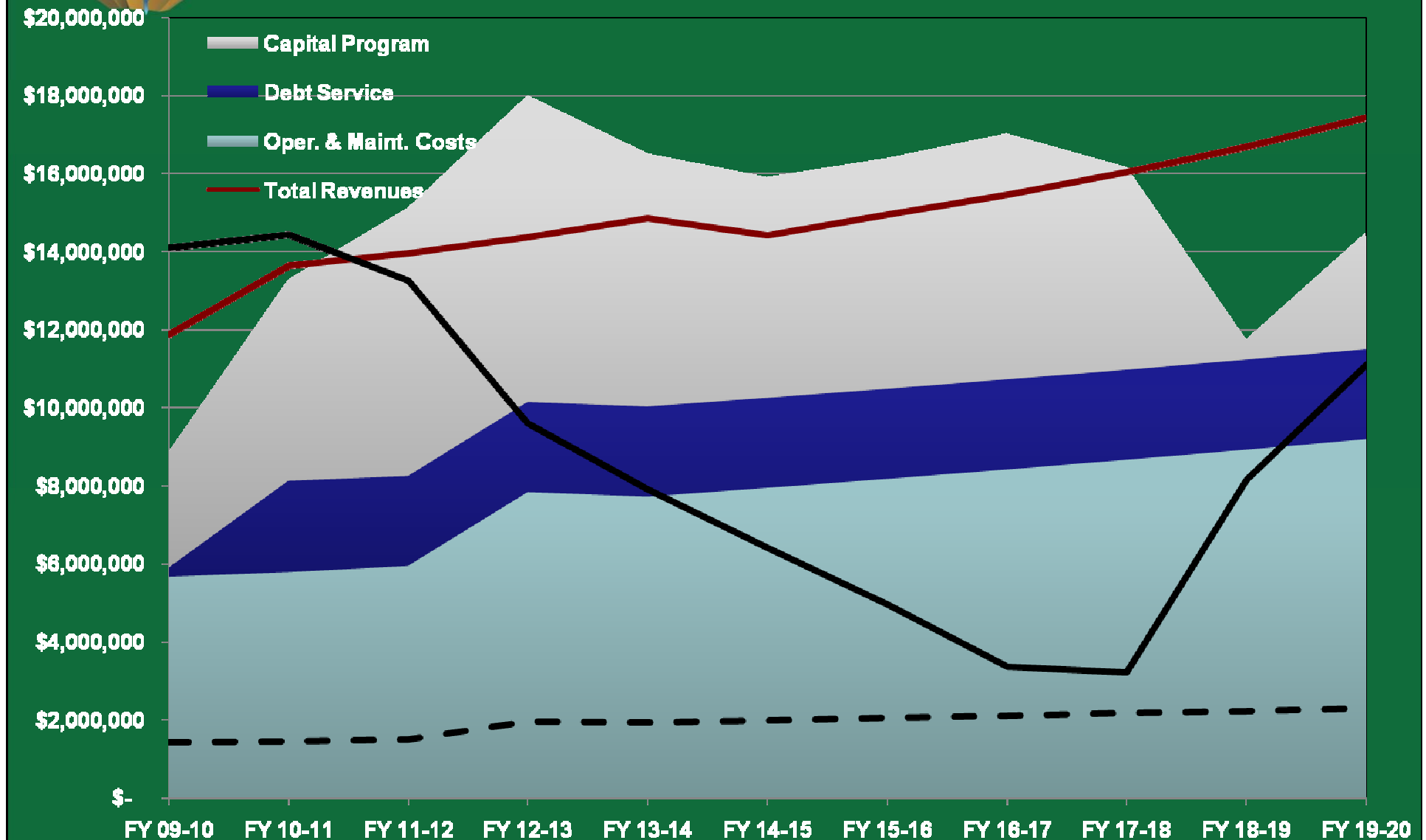


4 Favorable Factors

- Low bid for Surface Water Treatment Facilities
- Low interest rate (4%)
- Water Meter Program costs quantified
- PCE/TCE remediation funded > 10 years by settlement reserves



Financial Analysis





Seven-Year Construction

Driving Factors

- Construction season April through October
- Infrastructure replacement (pipes) equal across phases
- Neighborhood disruption reduced
- Construction administration effort balanced
- No borrowing or additional rate increase needed



Payment Responsibilities

- Multiple services to a single-family detached home will be removed
- City has right to install new services via easement
- Multiple services allowed – full added cost paid by property owner (duplex, triplex, fourplex)
- Usage-based utility bill sent to all individually metered single-family homes (tenants and owners)
- Usage-based utility bill can be sent to owner without formal application



Questions?